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For Immediate Release
June 22, 2005

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Sen. Cassis proposes SBT and spending reforms to revive Michigan's economy

LANSING – State Sen. Nancy Cassis on Wednesday unveiled her proposal to reform Michigan's Single Business Tax and hold government spending in check. The proposal is a result of more than 100 hours of testimony taken over 18 months from job providers, leaders of businesses both large and small, across Michigan.

"This is a simple, elegant solution to a complex problem," said Cassis, R-Novi. "By lowering the rate for all and avoiding increases and tax shifts, this proposal sends a strong signal to Michigan businesses that we are committed to reducing their tax burden and making Michigan more competitive."

The package would reduce the Single Business Tax rate to 1.8 percent beginning January 1, 2007, and continue to reduce it by .1 percent annually until it is phased out. It also would change the apportionment rate to 100 percent of sales. The current rate is 90 percent of sales and 5 percent each of property and payroll.

"Since my first term as a state representative and now as a state senator, I have continued to fight for the elimination of this insidious tax," Cassis said. "This tax is a job killer that is unique to Michigan. Eliminating it in this fashion sends a positive signal to our business community that we want them to remain and grow in Michigan."

Senate Joint Resolution D proposes to amend the Michigan Constitution to create a Taxpayer Bill of Rights. It would limit state spending increases to the rate of inflation plus any population increases. Any additional revenue generated by the state would go to the budget stabilization fund to be used only for fiscal crises.

"Reforms to taxes and spending must go hand in hand," Cassis said. "We owe it to the taxpayers of Michigan to show government can live within its means, just like our hardworking families and businesses do."

Hearings throughout the state gave a diverse group of business leaders the opportunity to share their views on the Single Business Tax. Again and again, legislators heard testimony that followed three recurring themes, which this proposal addresses: the SBT is a job-killer; the SBT is a complex tax that is unique to Michigan, making us less competitive than other states; and government, like families and businesses, must live within its means.

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